

Targeting and Communicating to Increase Awareness of Renewable Power



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LOHAS Consumer Research Project Objectives

LOHAS = Lifestyles of Health and Sustainability

WHO

**Identifying
the
Renewable Power
Consumer**

WHAT

**Energy &
Electricity
Attribute
Drivers**

HOW

**Renewable Power
Communications
Strategy**

Insight surrounding attitudes, beliefs, values, purchasing behavior, lifestyle, media patterns, psychographics, and product/service usage dynamics.



LOHAS Consumer Research Methodology

LOHAS = Lifestyles of Health and Sustainability

- Research established mid-2002; conducted annually
- The only integrated consumer database to identify consumer attitudes, behavior, and product/service usage patterns across the LOHAS marketplace
- Primary consumer survey research among 2,000+ U.S. general population consumer households
- Research study fielded annually in February/March
 - Sample drawn from representative 7-million consumer panel
 - Nationally projectable U.S. adult 18+ population
 - Statistically valid at 95% confidence to +/- 2%
 - Utilization of leading research firm (Harris Interactive)
- Proprietary NMI consumer database



The LOHAS Database Summary Content & Scope

- 50+ LOHAS-related attitudinal measures
- 16 LOHAS psychographic drivers/consumer behavior predictors
- Consumer usage of products in 9 distinct industries, including renewable power, green building, energy-efficient appliances/electronics
 - 75+ product categories
 - 170 specific product attributes
 - 160 brands
 - Sources of influence for each of the 9 industries
- Media usage
 - 36 magazines
 - 17 TV shows, radio programs, other specific media venues
- Consumer behavior measurements
 - Membership across multiple organizations
 - Shopping patterns across 30 specific retailers
- Complete demographics



The LOHAS Consumer Database Includes A Range Of Specific Renewable Power Content

- Identification of specific renewable power consumer segments:
 - Renewable power users
 - Consumers interested in renewable power
- Attitudinal statements related to renewable power, including:
 - Interest in decreased reliance on fossil fuels, nuclear power, and foreign oil sources
 - Interest in renewable power for environmental reasons
 - Interest in renewable power for domestic economy reasons
 - Interest in purchasing renewable power
- Awareness of options for purchasing renewable power
- Usage and plans to purchase renewable power from electric company
- Usage and plans to purchase solar panels
- Purchase drivers for energy/power (15 measures)
- Sources of influence for energy/power (16 sources)



American General Population Adults Segmented Via Comprehensive NMI Statistical Modeling

- Identification of 100+ consumer LOHAS variables
- Statistical analysis used to derive:
 - Maximum differentiation between consumer groups
 - Maximum homogeneity within each consumer group
- The 4 cluster solution is mutually exclusive and places all U.S. general population households in one of four LOHAS-based segments
- This tool can be used to identify segment participation as part of a quantitative predictive analysis of future consumer behavior within the health and sustainability marketplace



A Sample of the Variables Used In LOHAS Statistical Modeling Techniques

- Choose environmentally friendly products
- Protecting the environment
- Prefer products from recycled materials
- Willing to pay 20% more for sustainably made products
- Teach family/friends benefits of environmentally friendly products
- Purchase decision based on effect on world
- Care about renewable energy sources
- Choose sustainable-source products over conventional ones
- Care about social consciousness
- Prefer products manufactured in a sustainable manner
- Others...

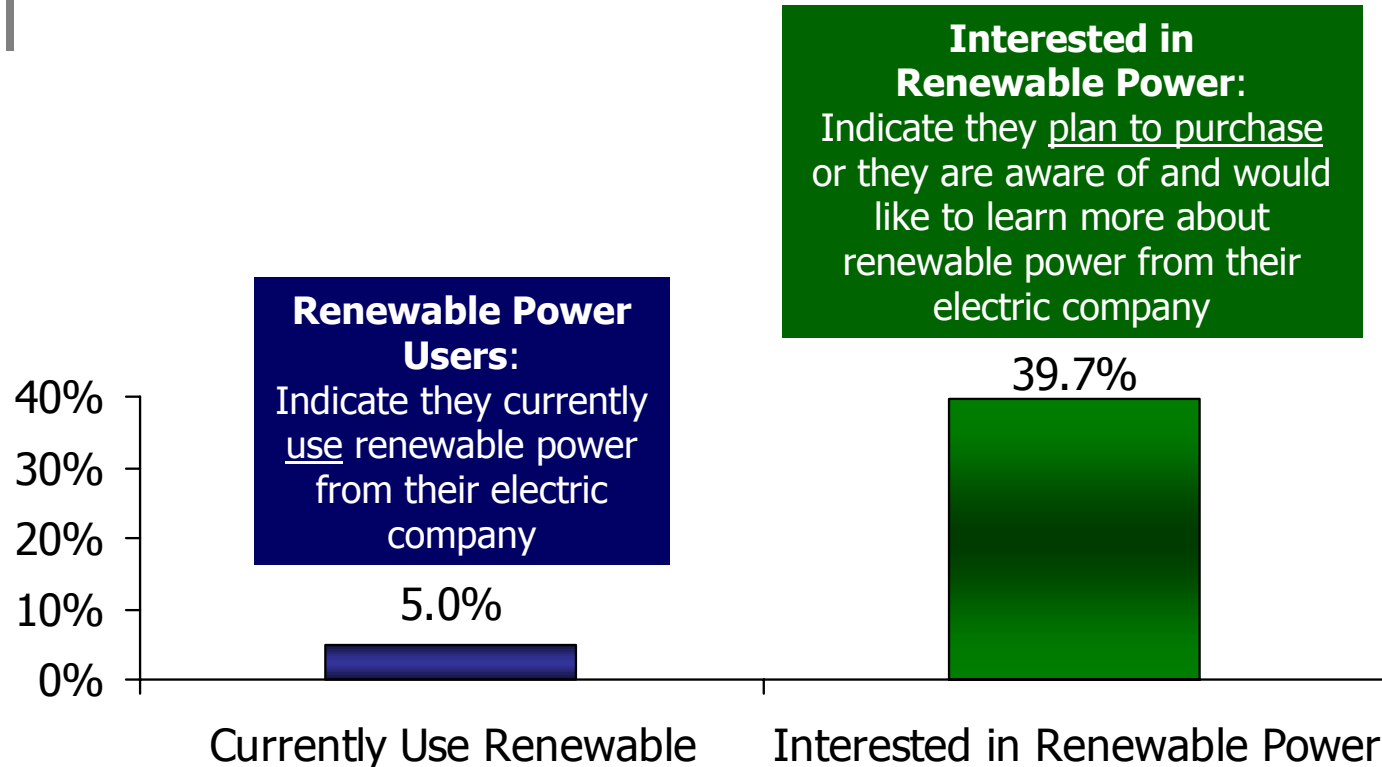


Summary Characteristics of Consumer Segments

| Segment | Size | % of GP | Growth '02-'03 | Defining Characteristics |
|--------------|------------|---------|----------------|---|
| LOHAS | 68 Million | 32.3% | +2% | Significantly affected by their concern for the health of their families, the sustainability of the planet, their personal development and the future of society. |
| NOMADICS | 83 Million | 39.2% | +1% | Tend to move from place to place with regard to personal ideals, environmental platforms, and the overall relevance of sustainability. |
| CENTRISTS | 52 Million | 24.7% | 0% | An assemblage who congregate toward the conservative end of the spectrum when it comes to dealing with health and sustainability. |
| INDIFFERENTS | 8 Million | 3.9% | -3% | Caught up in day-to-day challenges, not necessarily looking out for tomorrow. |

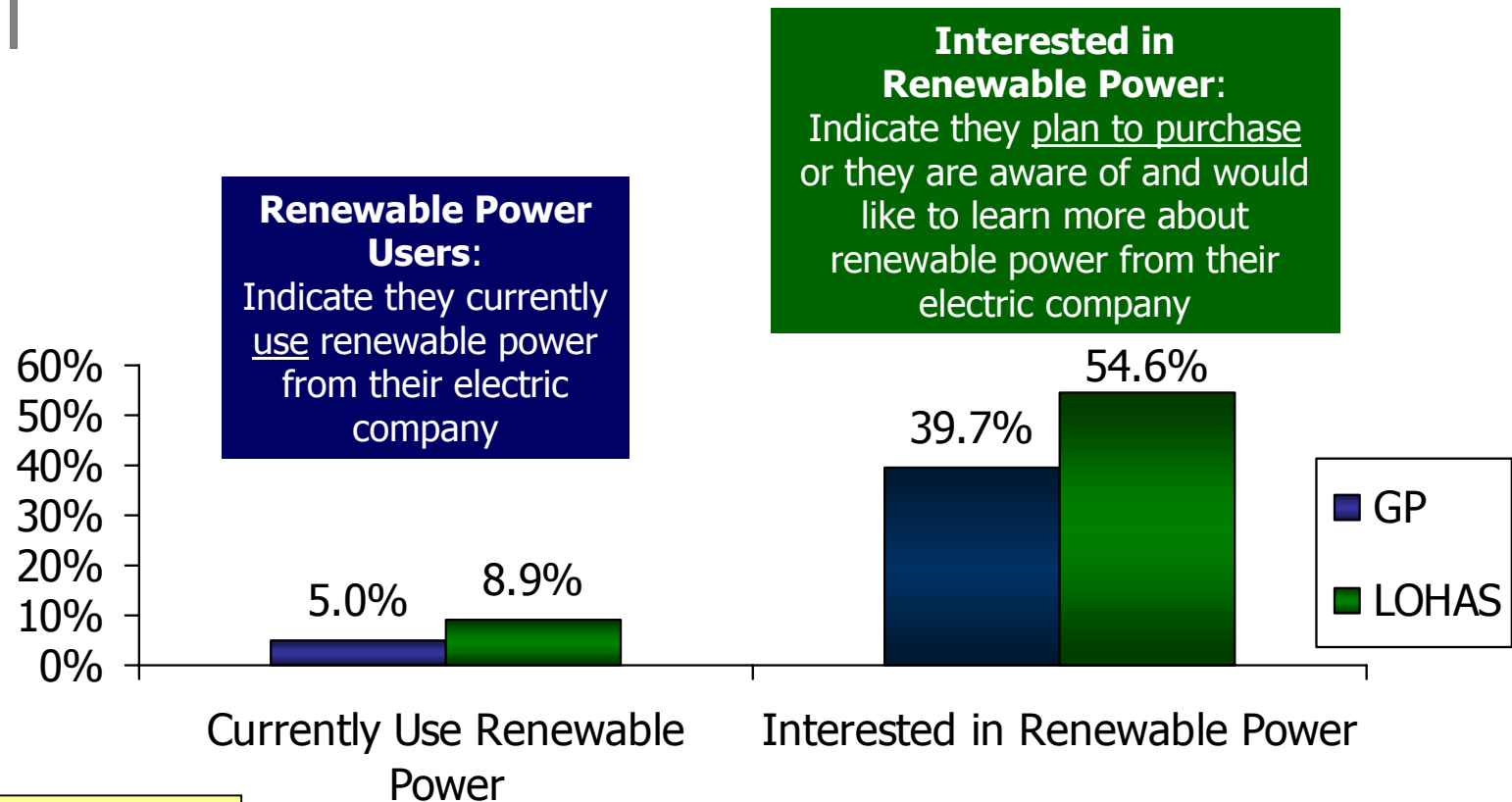


U.S. General Population Interest in Renewable Power Is Significant, However Usage Is Low



More than one-third of the U.S. adult population is attitudinally predisposed to using renewable power - if only 25% of those who are interested become eventual users, this would represent a market size of approximately 10 million U.S. households.

Although Similar To General Population, Usage and Interest Is Higher Among LOHAS Consumers



INDEX LOHAS
versus GP

178

138



Demographically, What Do Consumers Who Are Interested In Renewable Power Look Like?

- Roughly equally split between women and men
- Comparable mean age as the general population
- Better educated – more likely to have both a college and post-graduate degree than the general population
- Income is more than \$3,000 higher per year than the general population
- Equivalent marital status to the general population
- Same household size to the general population



How Do You Target and Communicate With Those Interested to Convert Them Into Users?

- Traditional Approaches:
 - **Demographics**
 - However, demographically-based consumer segments show little variation from the general population with respect to attitudes or interest in using renewable power
- LOHAS Approaches:
 - **Psychographics**
 - Interest in environmental issues
 - Interest in purchasing renewables from electric company
 - **Consumer Behavior**
 - Related product usage patterns
 - Lifestyle factors
 - Media patterns



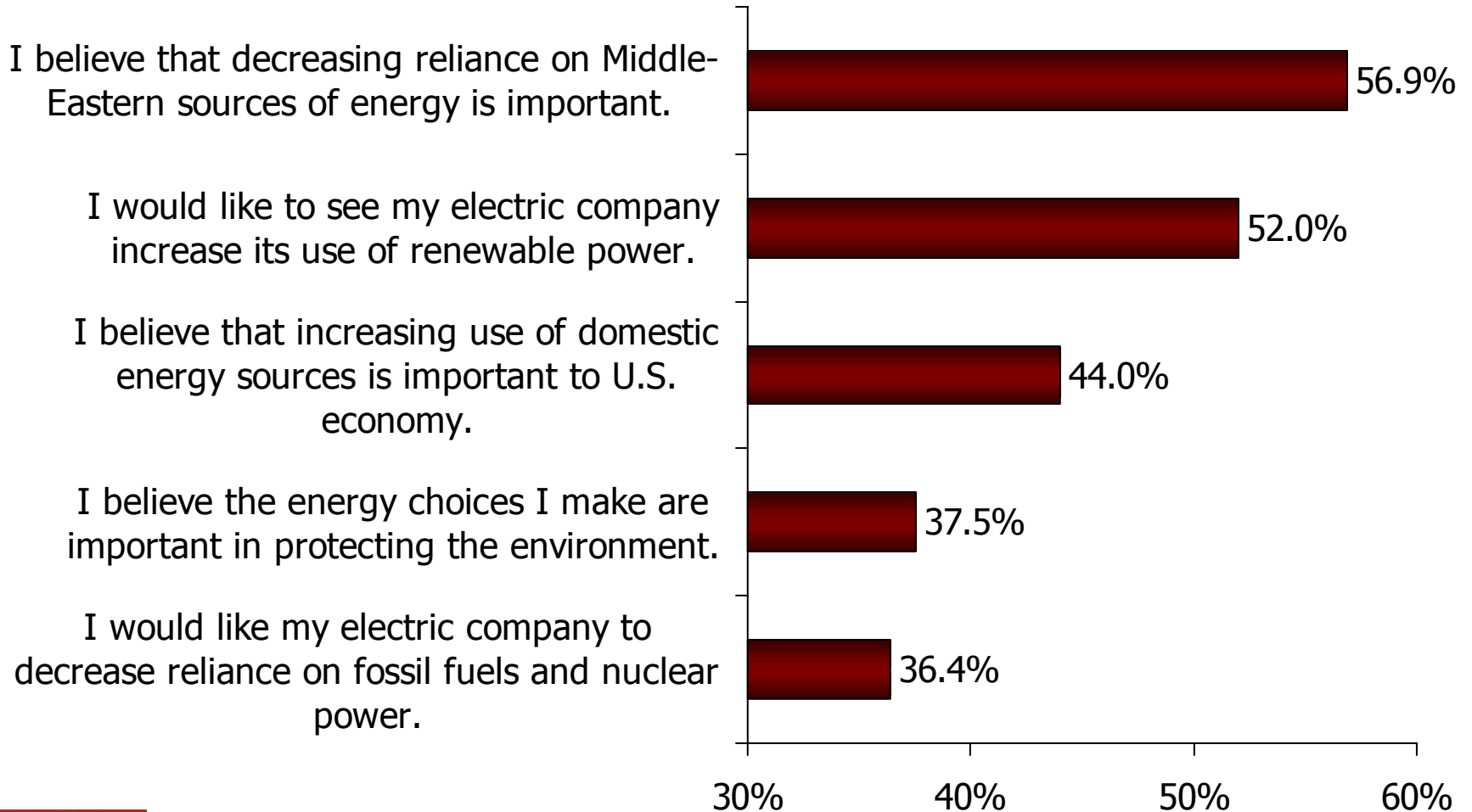
Beyond Users & “Interested,” A Variety Of Other Consumer Segments Are Used For Analysis

| Name | Definition | % of US Households |
|------------------------------|---|--------------------|
| Would Like to Purchase | I would like to be able to purchase renewable power from my energy company – “agree completely” | 45.1% |
| Influenced by Bill Insert | indicate “utility bill insert” as influential in power purchase | 13.7% |
| Influenced by Power Provider | indicate “electric/utility company” as influential in power purchase | 6.6% |
| LOHAS | NMI proprietary segment | 32.3% |
| EE Appliance User | Currently own 2 or more energy efficient appliances | 58.5% |
| N/O F/B User | Purchased natural or organic food or beverage products in the past 6 months | 35.2% |



American Interest in Renewable Power Benefits Is Based In Many Belief Systems

(% general population stating they agree completely with the following)





Belief Agreement is Even Higher Among Several Consumer Segments

(% consumer segment stating they agree completely with...)

| | GP | Would Like to Purchase | Influenced by Bill Insert | Influenced by Power Provider |
|--|-----------|-------------------------------|----------------------------------|-------------------------------------|
| I believe that decreasing reliance on Middle-Eastern sources of energy is important. | 56.9% | 84.4% | 64.8% | 68.1% |
| I would like to see my electric company increase its use of renewable power. | 52.0% | 97.9% | 65.8% | 65.9% |
| I believe that increasing use of domestic energy sources is important to U.S. economy. | 44.0% | 73.4% | 54.8% | 56.3% |
| I believe the energy choices I make are important in protecting the environment. | 37.5% | 72.0% | 47.3% | 48.9% |
| I would like my electric company to decrease reliance on fossil fuels and nuclear power. | 36.4% | 70.0% | 43.4% | 45.9% |



Related Sector Users Also Express High Interest in Renewables' Benefits

(% consumer segment stating they agree completely with...)

| | GP | LOHAS | EE Apl. User | N/O F/B User |
|--|-----------|--------------|---------------------|---------------------|
| I believe that decreasing reliance on Middle-Eastern sources of energy is important. | 56.9% | 76.7% | 64.7% | 66.6% |
| I believe that increasing use of domestic energy sources is important to U.S. economy. | 52.0% | 66.3% | 51.7% | 55.9% |
| I believe the energy choices I make are important in protecting the environment. | 44.0% | 73.1% | 44.5% | 50.2% |
| I would like my electric company to decrease reliance on fossil fuels and nuclear power. | 37.5% | 65.2% | 41.6% | 51.6% |
| I would like to see my electric company increase its use of renewable power. | 36.4% | 85.2% | 59.3% | 69.3% |



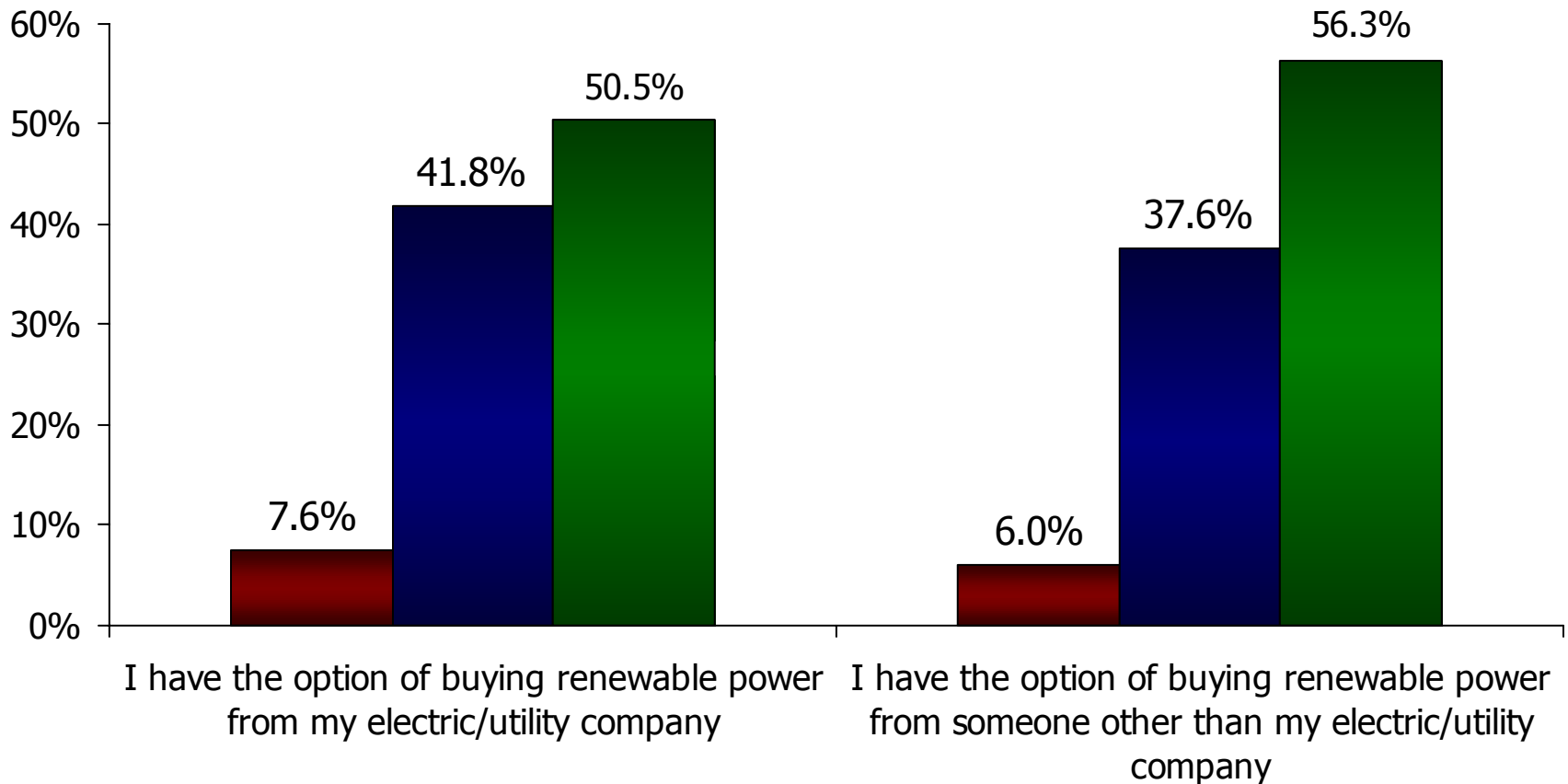
Implications for Product Positioning Statements

- All of these consumer segments have stronger agreement levels than the GP, making them attractive targets
- The consumers indicating that they're influenced by bill inserts or power provider have attitudes higher than the GP, but less than some other segments
 - While these approaches are inexpensive, exploring other communications vehicles may be more effective
- LOHAS consumers have the highest agreement levels on average, making them an especially attractive target
- Depending on the segment, different messages will have more (or less) resonance
 - Match the message with the segment
 - Rotate the message to have a wider appeal



General Population Understanding of Renewable Purchase Options Is Limited, At Best

(% general population stating the following)

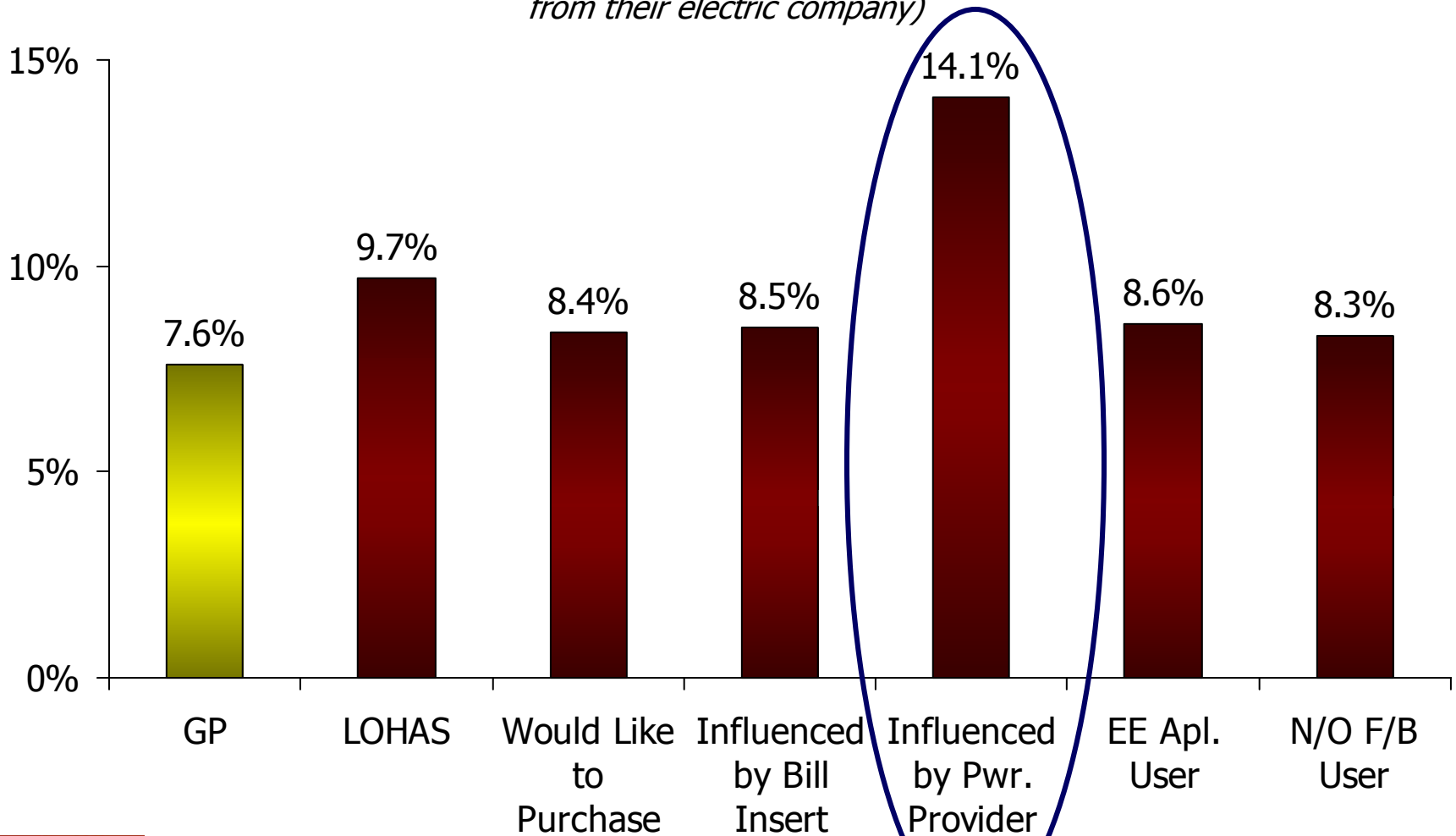


■ Yes ■ No ■ Don't Know



Understanding of Purchase Options is Highest Among Those Influenced by Power Provider

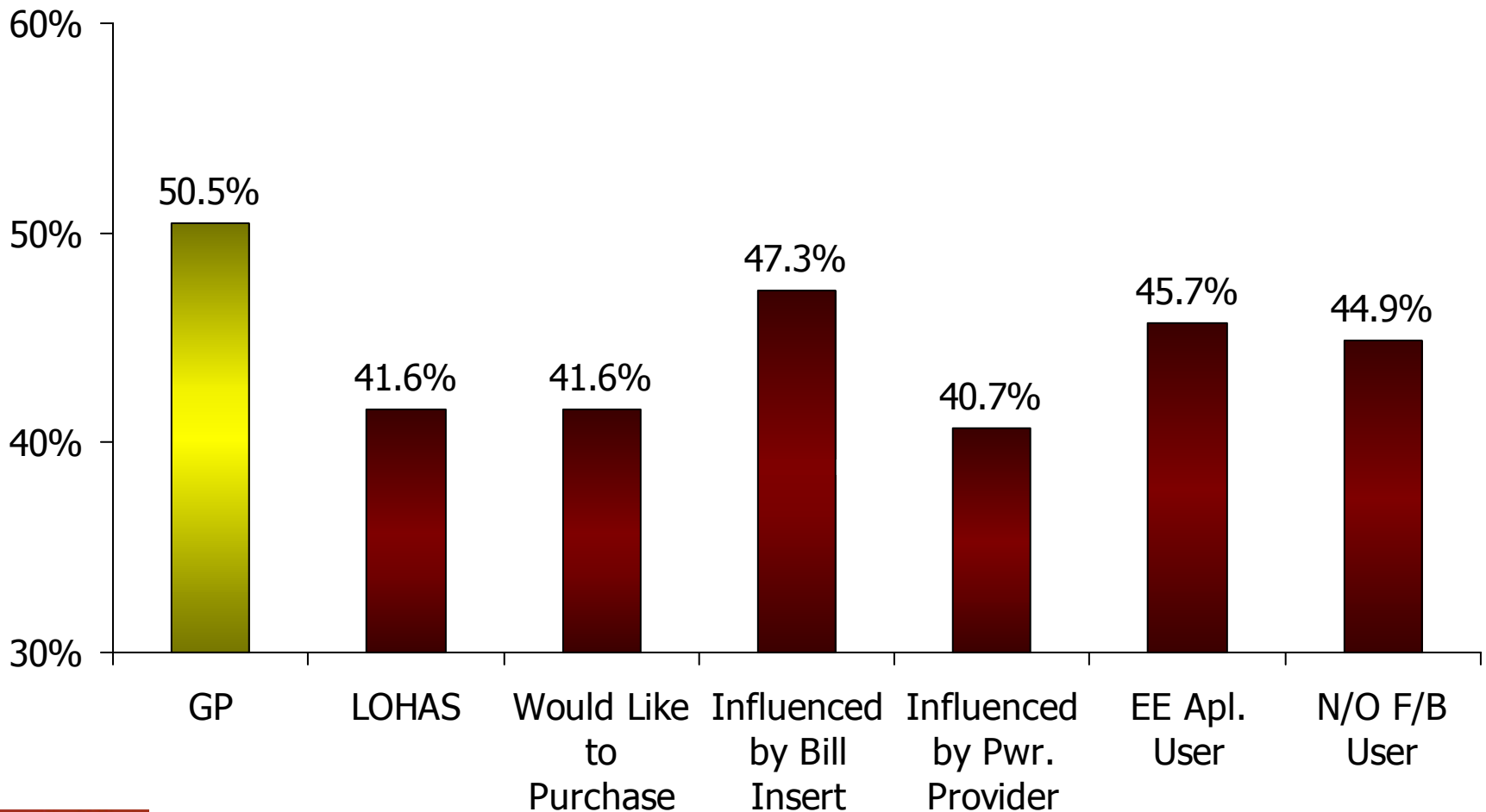
(% consumer segment stating **yes, they do have** the option to buy renewable power from their electric company)





However, Many Consumers Are “In the Dark” About Renewable Options

(% consumer segment stating they ***do not know*** if they have the option to buy renewable power from their electric company)





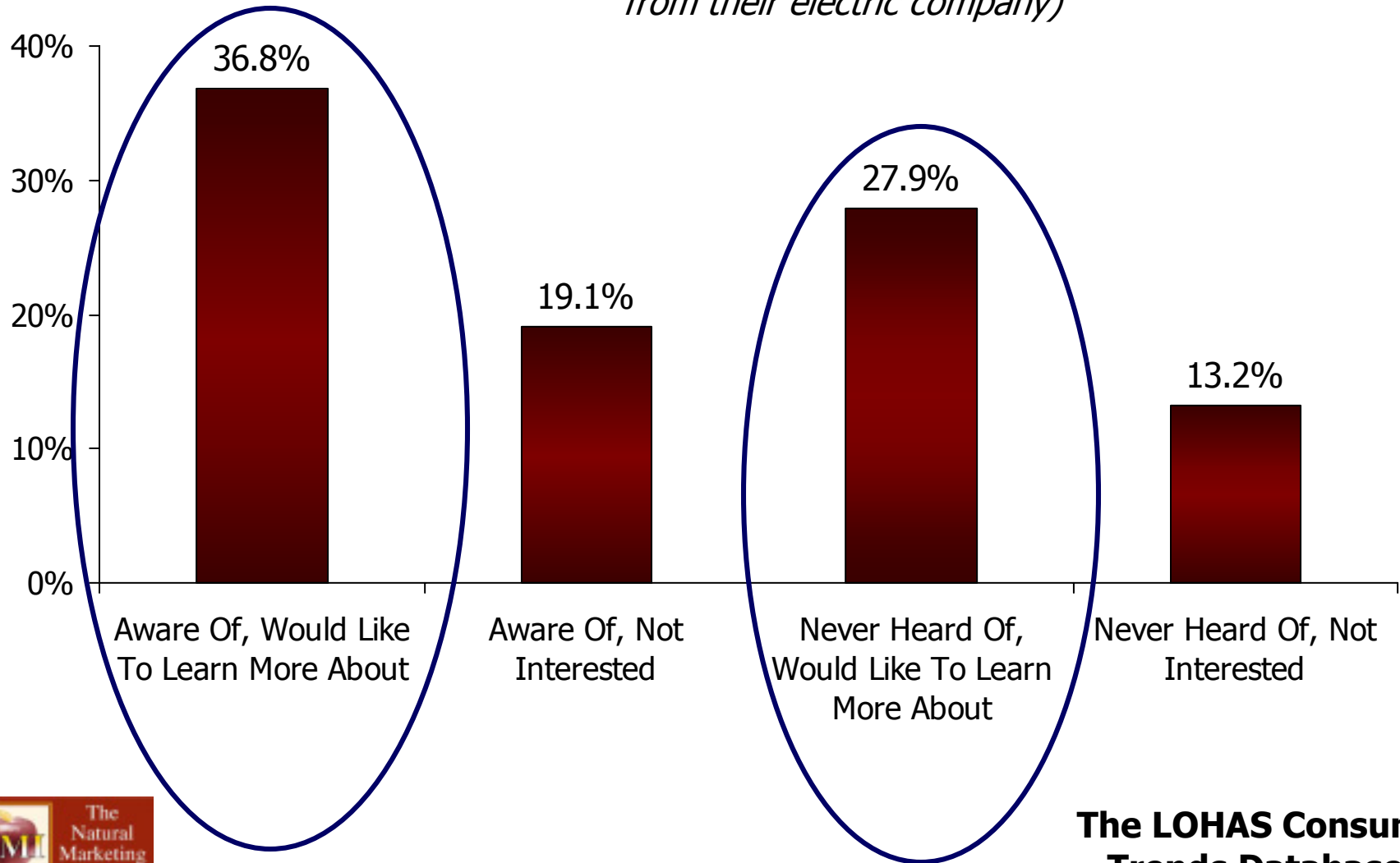
Implications of Consumer Confusion

- As may be recognized, communications strategies to date have not been extremely effective in affecting consumer behavior
- Some segments are clearly better informed, making them “easier” targets:
 - LOHAS consumers
 - Those who would like to purchase
 - Those who are influenced by power provider
- Those who would like to purchase but do not know what their options are an especially important group to communicate with
- Energy efficient appliance users and natural and organic product users should be more efficient to communicate with, given their pre-existing purchase behaviors:
 - Partner with manufacturers to provide information in their packaging
 - Partner with retailers to provide information on-site



Communication Strategies Should Align with Consumer Targets

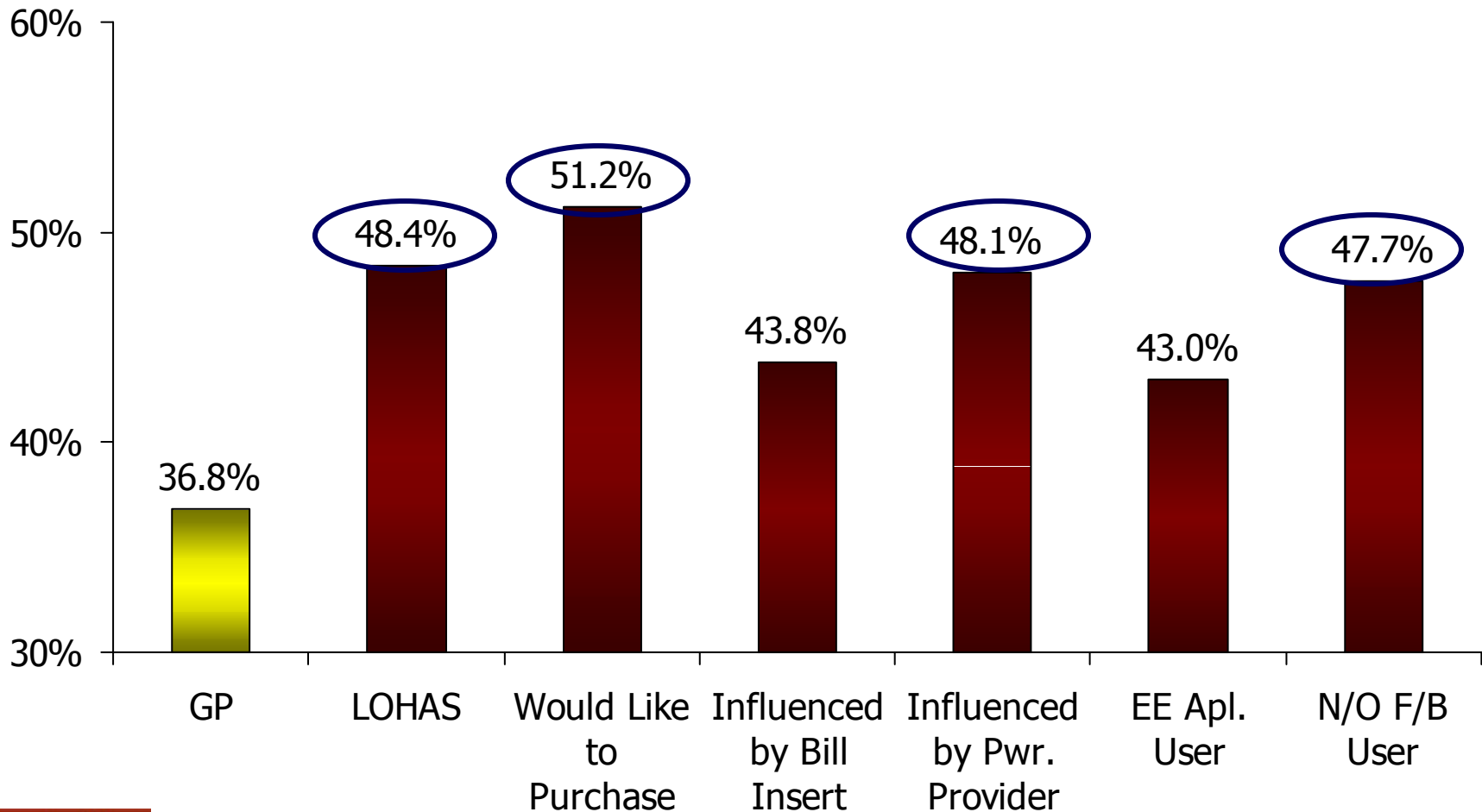
(% general population stating the following about renewable power from their electric company)





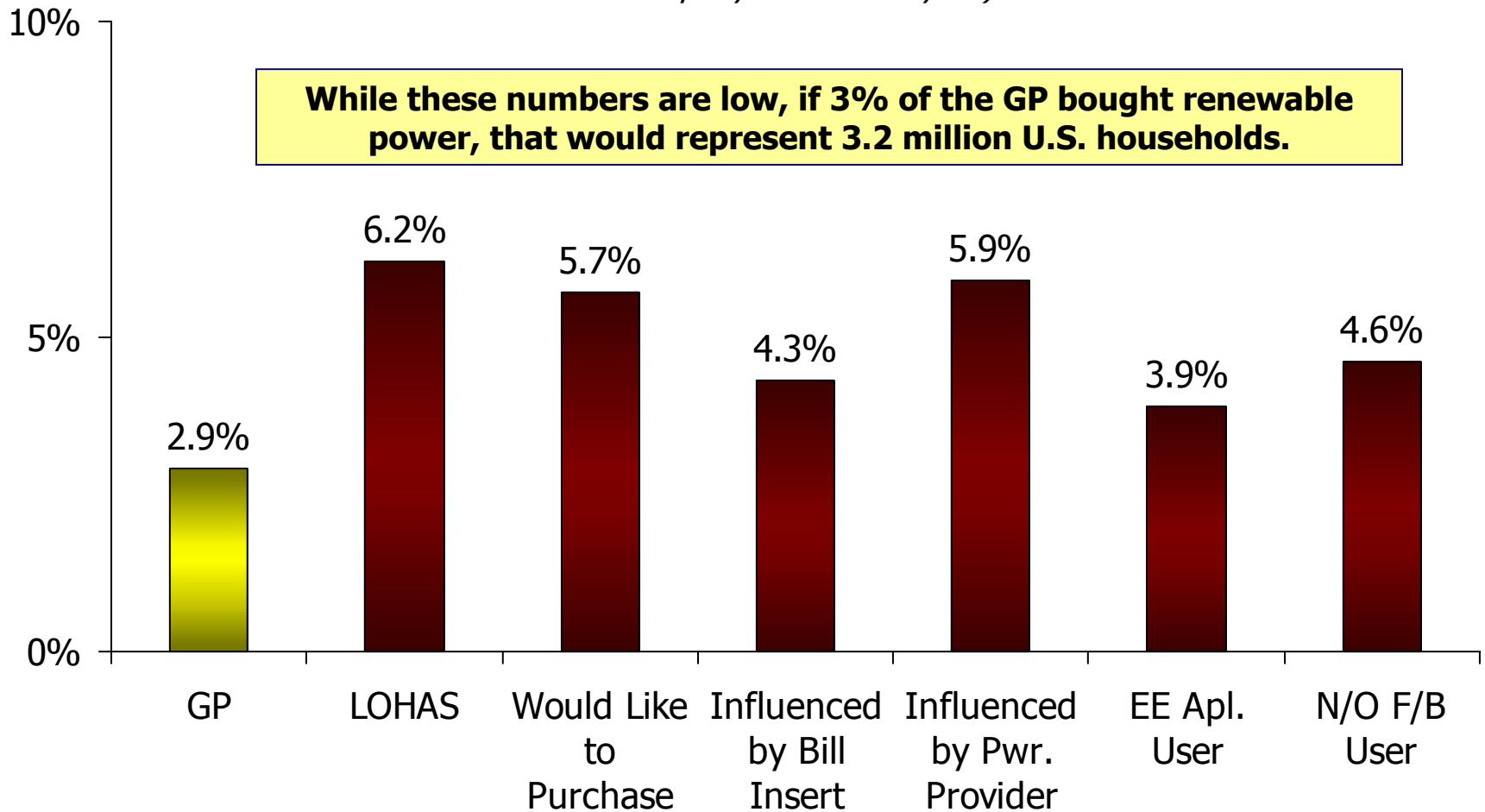
Among Segments, Many Consumers are Aware and Would Like to Learn More

(% consumer segment stating they are aware of renewable power and would like to learn more)



But Still, Relatively Few Plan to Purchase; However, Does This User Base Provide Viability?

(% consumer segment stating they plan to purchase renewable power from their electric company in the next year)





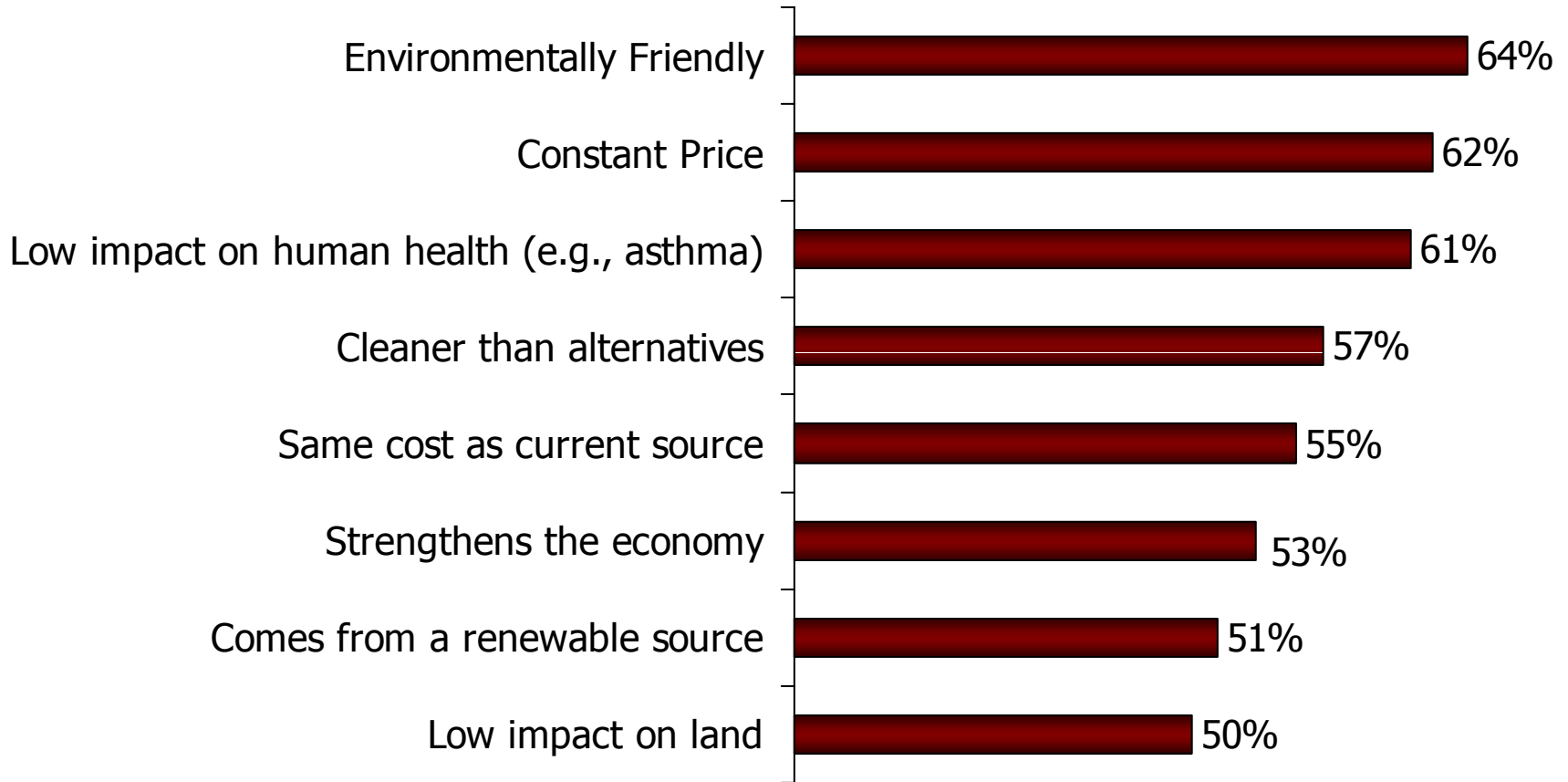
Communications Implications

- Consumer communications need to be designed in a way that elicits more action and interest among consumers — the power industry needs some spice:
 - Messages need to be clear
 - Messages need to be meaningful
 - Messages need to inspire individuals to act based on their previously demonstrated attitudes
 - Message needs to be relevant



General Population Interest in Renewable Energy Covers A Wide Range of Drivers

(% general population stating the following are important in electricity, power, or energy for their home)





Renewable Power Target Consumers Are Driven By Different Product Attributes and Benefits

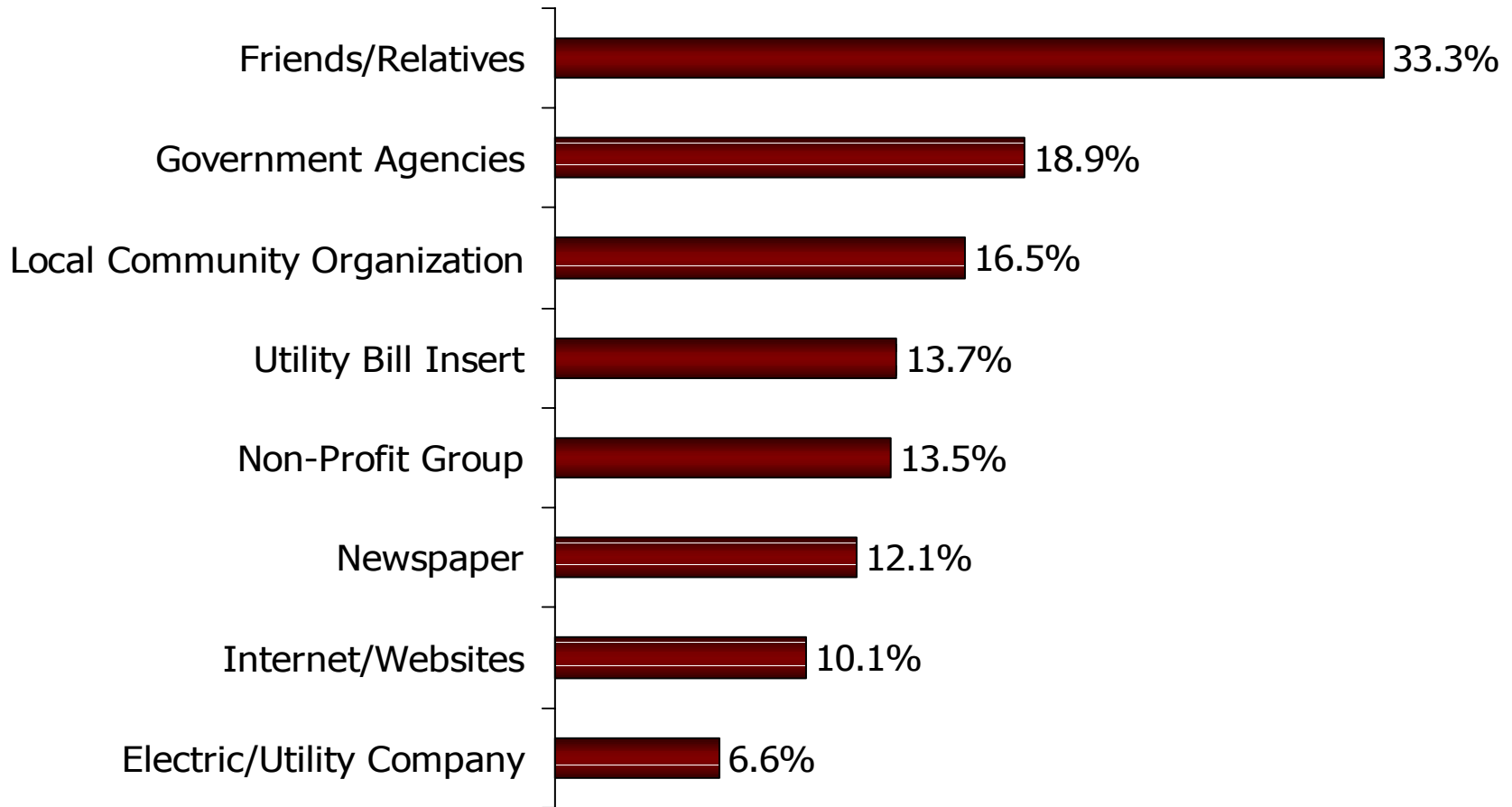
(% consumer segment stating the following are important in electricity, power, or energy for their home; rank for consumer segments)

| Attribute | Would Like to Purchase | Influenced by Power Provider | LOHAS | N/O F/B User |
|---|------------------------|------------------------------|-------|--------------|
| Environmentally friendly | #1 | #1 | #1 | #1 |
| Constant price | #6 | #3 | #8 | #6 |
| Low impact on human health (e.g., asthma) | #2 | #2 | #3 | #2 |
| No pollution | #3 | #3 | #2 | #3 |
| Cleaner than alternatives | #8 | #7 | #4 | #8 |
| Strengthens the economy | #7 | #5 | #7 | #7 |
| Comes from a renewable source | #3 | #6 | #6 | #4 |
| Does not contribute to global warming | #5 | #8 | #5 | #5 |



And Specific Sources of Information Have Varied Impact On Energy Purchases

(% general population stating the following influence their purchase of electricity, power, or energy for their home)





And Specific Consumer Segments Also Express More Interest than GP

(% general population stating the following influence their purchase of electricity, power, or energy for their home)

| | GP | Would Like to Purchase | Influenced by Bill Insert | Influenced by Power Provider |
|------------------------------|-----------|-------------------------------|----------------------------------|-------------------------------------|
| Friends/Relatives | 33.3% | 39.3% | 51.2% | 51.2% |
| Government Agencies | 18.9% | 22.3% | 49.5% | 64.4% |
| Local Community Organization | 16.5% | 20.2% | 45.6% | 51.1% |
| Utility Bill Insert | 13.7% | 17.5% | 100% | 53.3% |
| Non-Profit Group | 13.5% | 15.8% | 49.8% | 50.4% |
| Newspaper | 12.1% | 15.3% | 46.3% | 49.6% |
| Internet/Websites | 10.1% | 15.4% | 26.7% | 32.6% |
| Electric/Utility Company | 6.6% | 9.1% | 45.6% | 100% |



Implications for Communication Vehicles

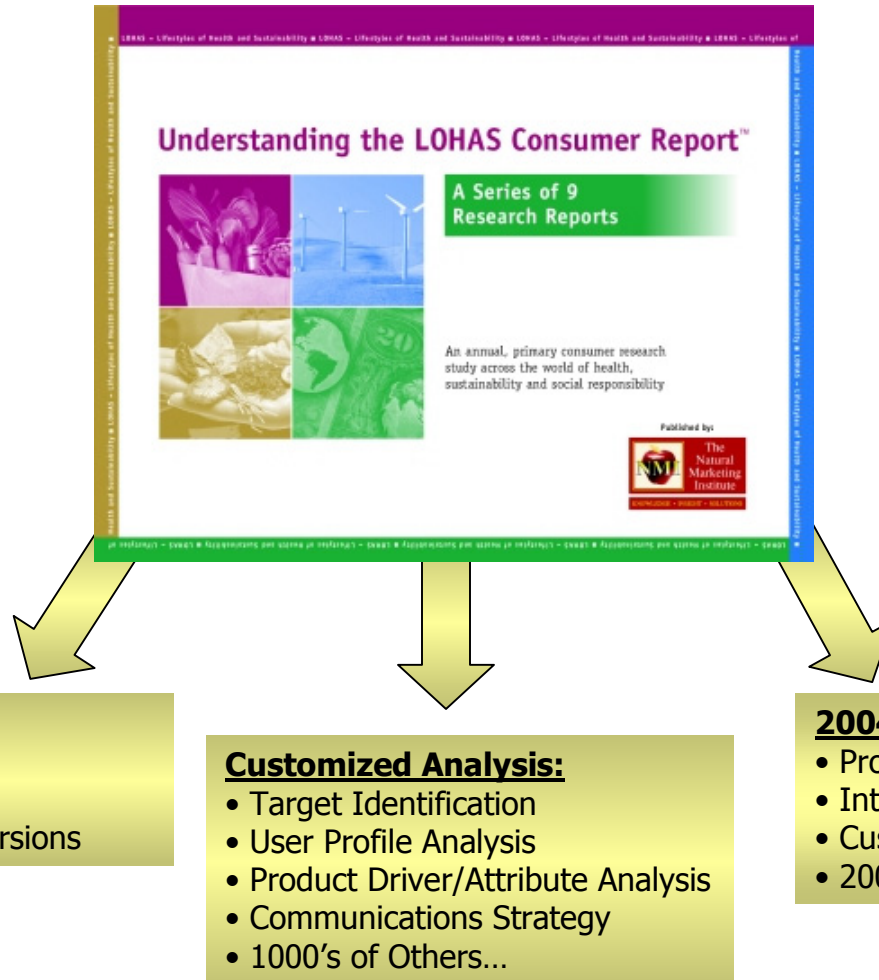
- Many renewable power benefits should be communicated via the most efficient means:
 - Word of mouth tops the list – initial consumer target should be defined in part by their early adoption patterns and interest in teaching others
 - Use LOHAS consumers as opinion leaders to impact others
 - A recognition that some traditional approaches (e.g., electric/utility company) are influential to less than 10% of consumers
 - More innovative approaches, such as partnerships with community organizations, could increase participation rates

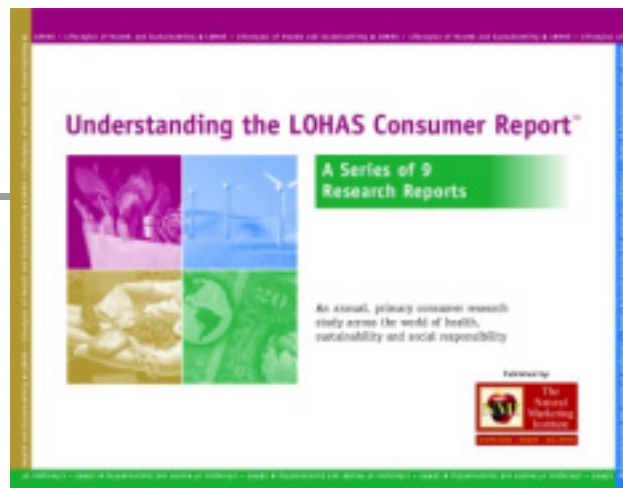


Implications for Overall Strategy & Message Development

- Consumers need to be targeted based on their attitudes and psychographic analysis, as demographic targeting alone does not provide maximum insight (or efficiencies)
- In general, consumers would like to see increased use of renewable power, though their motivations differ
- Targets differ in message and vehicle → there is no “one size fits all” for communicating your renewable power programs
- Regardless of target, consumers do not recognize that they have choices for their power, generating a lot of confusion
- There is a need to balance different targets and concerns with clearly explaining the product and process

The LOHAS Consumer Trends Database™ (LCTD) Has Three Main Uses





For additional information on this exciting project or how you can capitalize on the LOHAS market:

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